

Community Planning & Economic Development

Crown Roller Mill, 105 Fifth Ave. S.
Suite 200
Minneapolis, MN 55401



April 26, 2007

MEMO TO: Chuck Lutz, Deputy Director

FROM: Jack Kryst, Chair, Development Finance Committee

SUBJECT: Development Finance Committee Recommendation Regarding Tax Increment Financing Requests for Van Cleve Project

On April 26, 2007, the Development Finance Committee considered a staff report regarding three proposed Tax Increment Finance Plans for the Van Cleve housing project at 917 13th Avenue Southeast.

The Committee makes the following comments:

- The proposed tax increment financing districts do not put the City at any significant risk.
- However, there are questions about the viability of the condominium component and whether there are appropriate fallback plans if this component of the project doesn't occur as planned.

The Committee recommends the following:

- Additional timing benchmarks should be established for developer performance with respect to the condominium component of the project.
- CPED should determine how the overall site costs compare to what is financially feasible in the current and projected marketplace.
- CPED should determine whether the net cost of site assembly and preparation are justified by the net land value and are thus recoverable if certain components of the project do not go forward.

cc: Lee Sheehy
Elizabeth Ryan
Cynthia Lee
Jerry LePage